

How to choose
an architect

Referrals: Who's saying what
about your practice?

Designing a herd-health
program that works

CG480-1
2/28/89

FEBRUARY 1989

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

BACK IN THE TAX SADDLE AGAIN

How will the new rules affect you?

***** FIRM 20814
220814E11007 11DEC89051
STATISTICAL REFER INDEX27NO
#800
4520 EAST-WEST HWY
BETHESDA MD 20814

veterinary economics

Editor: Rebecca R. Turner
Associate Editor: Catherine Lumette
Assistant Editor: Kathleen A. Cyr
Art Director: Margaret Seburn
Practice Management Editor:
Ross Clark, DVM
Contributing Financial Editors:
Owen McCafferty, CPA, William J. Roll, CPA
Consulting Editors: Christopher Fiorello,
Tracy L. Revoir, DVM
Special Assignments Editor:
Rebecca Gants
Editorial Assistants: Ruth Espy,
Rosa Lee Metzler
Contributing Editors and Advisers:
Ross Ainslie, DVM, Halifax, Nova Scotia;
Alan F. Berger, DVM, Utica, Mich.;
Jenks S. Britt, DVM, Russellville, Ky.;
Daniel D. Chapel, AIA, Little Rock, Ark.;
Warren Freedenfeld, AIA, Boston, Mass.;
David P. Gallagher, Trumansburg, N.Y.;
Glenn F. Hoffsis, DVM, Columbus, Ohio;
Jack Kaine, MBA, Kansas City, Mo.;
Harry James, DVM, Pond Creek, Okla.;
Eleanor M. Kellon, VMD, Terre Hill, Pa.;
Dawn G. Lennon, Coopersburg, Pa.;
Herbert C. Lloyd, DVM, Arcadia, Fla.;
David P. Madden, JD, Lenexa, Kan.;
Marvin E. Rydberg, DVM, Lake Geneva,
Wis.; Peter Reardon, DVM, Phoenix, Ariz.;
J.H. Rosenberger, DVM, Richmond
Heights, Ohio; Sam E. Strahm, DVM,
Pawhuska, Okla.; Milton L. Willen, DVM,
Palm Desert, Calif.; James F. Wilson,
DVM, JD, Yardley, Pa.; Thomas D. Young,
DVM, Toledo, Ohio
Correspondents: John Lofflin and
Deborah Shouse, Kansas City; Bill Reddig,
New York; Leslie Champlin,
Washington, D.C.; Diane F. Roth, Chicago;
Steve Beale, Los Angeles.
Circulation Director: Joan Roof
Circulation Manager: Rachel Lopez
Circulation Coordinator: Helen McGraw
Circulation Assistants:
Bette Lilley, Sandy Hall
**Vice President/ Sales
and Marketing:** Dale Schuler
Eastern Account Manager: Doug Catt
Western Account Manager:
Brenda Shepek
Inside Sales/Ad Production: Sue Weller

VMPCI

Vice President/Publisher:
Dennis M. McLaughlin
Business Manager: Cary Seem

Editorial and sales office
9073 Lenexa Drive
Lenexa, KS 66215
(913) 492-4300



VETERINARY ECONOMICS (ISSN0042-4862) is published
monthly by Veterinary Medicine Publishing Co., 9073 Len-
exa Drive, Lenexa, KS 66215. Telephone (913) 492-4300.
Copyright © 1989 by Veterinary Medicine Publishing Co.
All rights reserved. None of the content of this publication
may be reproduced, stored in a retrieval system, or trans-
mitted in any form or by any means (electronic, mechani-
cal, photocopying, recording, or otherwise) without the pri-
or written permission of the publisher. Printed in U.S.A.
Price \$6.00 a copy, \$30 a year (U.S.A.), \$45 a year (Can-
ada and Mexico), \$65 a year (foreign). Address correspon-
dence to Veterinary Economics, 9073 Lenexa Drive, Len-
exa, KS 66215. Second-class postage paid at Shawnee
Mission, Kan. and additional entry offices. Postmaster:
Send change of address notice to Veterinary Economics,
9073 Lenexa Drive, Lenexa, KS 66215.

 A Medical Economics Publication

MEMO FROM THE EDITOR

Toting a crystal ball to Florida

I spoke to the American Veterinary Distributors Association last month, and my task was to tell them what you as veterinarians will be like in the 1990s. I suppose astrology or a crystal ball might have worked as well, but I decided to base my forecasts on what I hear you saying *now*. Of course, you're not exactly singing a chorus of agreement—that's obvious just by flipping through an issue of VETERINARY ECONOMICS. But what's important—and what I told the AVDA—is that you *are* singing; that is, you are actively addressing, debating, and solving the practice management issues that confront your profession today.

In my talk, I quoted many of the veterinarians whose names, faces, and stories have appeared in the magazine during the last year or so. I made a case for what practice management consultant Don Dooley calls "practice leadership," and I painted a picture of future practice leaders who know where they want their practices to go, and how to reach that goal.

I told the distributors that what I think the practice leaders of tomorrow want and need is *information*, and that they as distributors may be in a unique position to share both business and clinical insights with you, their customers. I suppose it all boils down to service: To be successful, both you and they must know your clients, determine what those clients need, and provide that service. Healthy, mutually beneficial veterinarian-distributor relationships already exist in some hospitals. But where that relationship *doesn't* exist, the first step is fairly easy: Let your distributors know what type of information you need to build your practice. You may be surprised at what they have to offer.

Rebecca R. Turner

CONTENTS

VETERINARY ECONOMICS
FEBRUARY 1989

BACK IN THE TAX SADDLE AGAIN

30 COVER STORY

Coping with new changes in the tax law

With three governmental bodies changing, amending, interpreting, and clarifying the tax code, veterinarians must watch closely for the rules that affect their practices.



45

What you'll need to support deductions as the IRS gets tougher

You can still reduce taxes on your 1988 income if you take the time to get your documentation in order.

56

Answers to your tax questions

Confused about how to deduct a personal expense or when to take a child-care credit? Here's help with some of the questions you'll face in filing taxes this year.

65

Your 1989 Tax Calendar: A year's worth of deadlines to remember

Part 2 of our tax calendar provides the rest of the deadlines you'll need to meet this year.

24 CLIENT RELATIONS

Who's saying what about your practice?

Do you know which of your clients send you the most referrals? The answer may prove surprising—and valuable.

72 HERD HEALTH

Designing a herd health program that works

Dr. Delbert Miles, a 1988-89 AABP award-winner, says that a strong food animal practice is built by educating and involving your clients.

80 HOSPITAL DESIGN

How to choose an architect

These veteran architects say experience, rapport, and resourcefulness are qualities you'll want in your clinic's designer.

Picture credits: page 101

DEPARTMENTS

- 1 Memo from the Editor
- 6 Letters to the Editor
- 16 Practice Management Q&A
- 22 Money Management Q&A
- 96 New for You
- 102 Classified

5 Forecasts

What's happening with inflation; 1989's best industries; commodities predictions; the best interest rates.

10 Noteworthy

Employee suggestions; a pet-owner survey; marketing to new homeowners.

90 Management Strategies

Your accounts receivable policy can be successful if you stand behind it and involve your staff.

106 Bull's Eye

From the trenches of veterinary medicine: Let's reclaim pride in our profession.

BAYTRIL®

Brand of Enrofloxacin Antibacterial Tablets.

5.7, 22.7, 88.0 mg Tablets

CAUTION: Federal (U.S.A.) law restricts this drug to use by or on the order of licensed veterinarian.

INDICATIONS: Baytril® (brand of enrofloxacin) Antibacterial Tablets are indicated for the treatment of the following bacterial infections in dogs:

Dermal infections (wounds and abscesses) caused by susceptible strains of *Escherichia coli*, *Klebsiella pneumoniae*, *Proteus mirabilis* and *Staphylococcus aureus*.

Respiratory infections (pneumonia, tonsillitis, rhinitis) caused by susceptible strains of *Escherichia coli* and *Staphylococcus aureus*.

Urinary cystitis caused by susceptible strains of *Escherichia coli*, *Proteus mirabilis* and *Staphylococcus aureus*.

Klebsiella has been recognized as a significant pathogen associated with nosocomial infections in dogs.

CONTRAINDICATIONS: Based on the studies discussed under the section on Animal Toxicology, the use of enrofloxacin is contraindicated in small and medium breeds of dogs during the rapid growth phase (between 2 and 8 months of age). The safe use of enrofloxacin has not been established in large and giant breeds during the rapid growth phase. Large breeds may be in this phase for up to one year of age and the giant breeds for up to 18 months. In clinical field trials there were no reports of lameness or joint problems in any breed. However, controlled studies with histological examination of the articular cartilage have not been conducted in the large or giant breeds.

The safe use of enrofloxacin in breeding female dogs has not been established.

ADVERSE REACTIONS: Two of the 370 (0.7%) dogs treated with Baytril (brand of enrofloxacin) Tablets in the clinical field studies exhibited side effects, which were apparently drug related. These two cases of vomiting were self-limiting.

ANIMAL TOXICOLOGY: Adult dogs receiving enrofloxacin at a daily dosage rate of 52 mg/kg for 13 weeks had only isolated incidences of vomiting and inappetence. Adult dogs receiving the tablet formulation for 30 consecutive days at a daily treatment of 28 mg/kg (5X) did not exhibit significant clinical signs nor were there effects upon the clinical chemistry, hematological or toxicological parameters. Daily doses of 128 mg/kg (25X) for up to 11 days induced vomiting, inappetence, depression, difficult locomotion and death while adult dogs receiving 50 mg/kg/day (10X) for 14 days had clinical signs of vomiting and inappetence.

Treatment of 15 to 28 week old growing puppies with daily dosage rates of 28 mg/kg has induced abnormal carriage of the carpal joint and weakness in the hindquarters. Significant improvement of clinical signs is observed following drug withdrawal. Microscopic studies have identified lesions of the articular cartilage following 30 day treatments at either 5, 15 or 28 mg/kg in this age group. Clinical signs of difficult ambulation or associated cartilage lesions have not been observed in 29 to 34 week old puppies following daily treatment of 28 mg/kg for 30 consecutive days nor in 2 week old puppies with the same treatment schedule.

Tests indicated no effect on circulating microfilariae or adult heartworms (*Dirofilaria immitis*). No effect on cholinesterase values was observed.

No adverse effect was observed on reproductive parameters when male dogs received 10 consecutive daily treatments of 18 mg/kg/day at 3 intervals (90, 45 and 14 days) prior to breeding.

WARNING: Keep out of the reach of children. Wash hands thoroughly with soap and warm water immediately after handling.

Mobay Corporation
Animal Health Division
Shawnee, Kansas 66201



NOTEWORTHY

address book that provides room for personal entries and includes pre-printed information about each sponsor.

Available in 28 states, the program provides sponsors with a list of persons receiving the directory. For more information, contact Roseann Ekert, 115 S. Service Rd., Westbury, NY 11590; (800) 645-6376. In New York; (800) 632-9400 or (516) 333-9400.

ROVER'S RIGHTS

You can help your dog-owning clients bone up on today's tougher canine laws with a new book from the Nolo Press (950

Parker St., Berkeley, CA 94710).

"It's becoming a lot more complicated to have a dog," says author, California attorney, and dog-law expert Mary Randolph. Her new book, *Dog Law*, is designed to guide dog owners through legalities, help them understand their rights and responsibilities, and in effect, avoid lawsuits.

Dog Law also covers such topics as: owner-veterinarian relationships; vaccinations, licenses, and other local laws; buying and selling dogs, traveling with dogs, resolving disputes with neighbors, providing for pets, and much more.

YOU THINK OUR TAX RATES ARE HIGH?

While all of the countries listed below except the United Kingdom and West Germany have reduced their income-tax rates since 1985, our top rate remains by far the lowest.

Top tax rates for 1988

Denmark	68%
United Kingdom	60%
Italy	56%
West Germany	56%
Japan	50%
France	50%
Australia	49%
United States	33%

Source: Richard B. McKenzie, *The Twilight of Government Growth in a Competitive World Economy* (Cato Institute)